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C O N F I D E N T I A L SECTION 01 OF 02 WARSAW 000608

SIPDIS

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TAGS: [ECON](#) [EFIN](#) [PREL](#) [PL](#) [EAID](#) [TU](#)
SUBJECT: POLAND'S NATIONAL BANK GENERALLY SYMPATHETIC TO
TURKEY'S REQUEST FOR EBRD STATUS CHANGE

REF: STATE 41999

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Classified By: ECON COUNSELOR R RORVIG, REASONS 1.4 B AND D

Summary

¶1. (C) National Bank of Poland (NBP) President Slawomir Skrzypek told us May 15 that he is generally sympathetic to Turkey's desire to change its status at the European Bank for Reconstruction and Development (EBRD) from that of a donor country to that of a 'country of operation.' Skrzypek said he thinks that EBRD lending is too focused on Russia, which now has large foreign exchange reserves thanks to its huge exports of oil and gas. With energy prices currently so high, he does not see a problem with scaling back in Russia in order to focus more on Turkey, the Caucasus, and Central Asia. This would also provide a way for the Central Asian states to become less dependent on Russia for financing and economic advice.

¶2. (C) With regard to Poland's EBRD directorship, Skrzypek said that Poland hopes to shortly announce a new non-political candidate to replace former Polish Prime Minister Kazimierz Marcinkiewicz who he said used his EBRD position more to center himself in the media limelight than to oversee EBRD activities. The new candidate will be a non-partisan technocrat with considerable experience in the financial field, but also someone who wants to maintain a low-key media profile.

Sympathy for Turkey

¶3. (C) Polish National Bank president Slawomir Skrzypek told us May 15 that he is generally sympathetic to Turkey's request for a change of status from EBRD donor to that of a country of operation. Skrzypek said that although Turkey is not emerging from socialism like other EBRD clients, it is nevertheless a European developing country with great needs. It is also a candidate for EU membership, and its economy faces major structural challenges. At the same time, Poland believes that EBRD operations are too focused on Russia, which is amassing huge foreign exchange reserves from its large exports of oil and gas. Reducing activities in Russia

and building out operations in the Caucasus, Central Asia, and Turkey would appear to make a lot of sense. Greater EBRD involvement in Central Asia would also make it easier for these countries to become less dependent on Russia, and it would help orient them more toward the West.

New Candidate for Director for Poland

¶4. (C) Skrzypek said that Poland would like to nominate a new candidate to replace Kazimierz Marcinkiewicz as the EBRD Director for Poland. The current representative, who is a professional politician, has used the position more to achieve media attention in Poland than to oversee the activities of the bank in London. The new candidate will be a non-partisan technocrat, a professional with extensive experience in finance. It will also be a person who does not have political aspirations and is willing to maintain a low media profile.

Poland's Economy is Strong

¶5. (C) The NBP President said that Poland is an example of an EBRD success story. Polish firms are increasingly competitive and the economy is becoming very diversified. In many ways, Poland is more prepared for Euro accession today than Slovakia, which will be the next state to join. Certainly Poland's economy is in better shape and its economic base is far broader and deeper. Poland's exports have held up well despite the strength of the Zloty, and its financial sector, which does not have a sub-prime problem, is sound. Skrzypek said that he also expects inflation to come

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down in the second half of 2008 to more acceptable levels.

Comment

¶6. (C) Skrzypek, who is very close to Lech and Jaroslaw Kaczynski, made it quite clear that he does not hold much affection for EBRD Poland Director and former Polish Prime Minister Kazimierz Marcinkiewicz. Marcinkiewicz was sent to the EBRD as a consolation prize following his ouster as prime minister by Jaroslaw Kaczynski and his subsequent defeat as the PIS (Law and Justice) candidate for Mayor of Warsaw. Over the past several years, Marcinkiewicz has periodically returned to Poland where he got much media play for his mild-mannered criticism of the then PIS administration of Jaroslaw Kaczynski and its economic policies. In his comments on Turkey, Skrzypek reflects the long-standing Polish sympathy for that Mediterranean country. The idea of shifting EBRD resources from Russia to other destinations is not one that rings alarm bells for the Poles.

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